

1 INTERIM STUDY PROPOSAL 2013-110

2 State of Arkansas

As Engrossed: H3/13/13

3 89th General Assembly

A Bill

4 Regular Session, 2013

HOUSE BILL 1537

5
6 By: Representatives Rice, Wren, Dale, Ratliff, Hickerson, Eubanks, D. Douglas, Hammer, Payton, Miller

7 Filed with: Interim House Committee on Public Transportation

8 pursuant to A.C.A. §10-3-217.

9 For An Act To Be Entitled

10 AN ACT TO REGULATE THE SALE OF SALVAGE VEHICLES; TO
11 REQUIRE DISCLOSURE OF A SALVAGE VEHICLE ON A
12 CERTIFICATE OF TITLE; AND FOR OTHER PURPOSES.

13 14 15 Subtitle

16 THE SALVAGE VEHICLE CONSUMER SAFETY AND
17 DISCLOSURE ACT.

18
19
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21
22 SECTION 1. Arkansas Code § 23-112-602, concerning definitions of the
23 used motor vehicle buyers protection law, is amended to add an additional
24 subdivision to read as follows:

25 (14) "Salvage auction" means the wholesale exchange or sale of
26 wrecked, salvaged, damaged, or water-damaged motor vehicles using an auction
27 format; and

28 (15) "Salvage vehicle" means a motor vehicle, regardless of the
29 age of the vehicle, that is:

30 (A) Water-damaged; or

31 (B) Sustains any other damage in an amount equal to or
32 exceeding seventy percent (70%) of its average retail value as determined
33 under criteria established by rule of the Office of Motor Vehicle.

34 (16) "Water-damaged" means a vehicle damaged by water that has:

35 (A) Saturated or contaminated an electronic or electrical
36 system necessary for the safe and reliable operation of the vehicle; or

1 (B) Risen to the point that it covers the sill and enters
2 the passenger compartment.

3
4 SECTION 2. Arkansas Code Title 23, Chapter 112, Subchapter 6 is
5 amended to add additional sections to read as follows:

6 23-112-618. Licensing requirements for salvage auction buyers —
7 Penalty.

8 (a)(1) Except as provided in subdivision (a)(2) of this section, on
9 and after January 1, 2014, the title of a salvage vehicle sold at a salvage
10 auction shall not be transferred or assigned knowingly by the owner, manager,
11 or person in charge of a salvage auction to anyone other than:

12 (A) A new motor vehicle dealer licensed under § 23-112-
13 301;

14 (B) A used motor vehicle dealer licensed under § 23-112-
15 607; or

16 (C) A person licensed under § 27-14-2001.

17 (2) A person may purchase no more than two (2) salvage vehicles
18 a year at a salvage auction under this section.

19 (3) A violation of subdivision (a)(1) of this section shall be
20 assessed a penalty not to exceed one thousand dollars (\$1,000).

21 (b)(1) The owner, manager, or person in charge of a salvage auction
22 and a buyer shall report the specifics of the sale of a salvage vehicle at a
23 salvage auction to the National Motor Vehicle Title Information System
24 pursuant to 49 U.S.C. §§ 30501 – 30505, as it existed on January 1, 2013.

25 (2) The owner, manager, or person in charge of a salvage auction
26 shall report to the Department of Arkansas State Police a sale of a salvage
27 vehicle to a person that is not licensed as a new motor vehicle dealer under
28 § 23-112-301, licensed as a used motor vehicle dealer under § 23-112-607, or
29 licensed under § 27-14-2001.

30 (3) The owner, manager, or person in charge of a salvage auction
31 shall not sell a salvage vehicle to a person under subdivision (a)(2) of this
32 section if the Department of Arkansas State Police has notified the owner of
33 a salvage auction in writing that the person has met or exceeded the limit of
34 two (2) salvage vehicles a year.

1 (c)(1) The owner, manager, or person in charge of a salvage auction
2 shall keep a register of a sale of salvage vehicles for five (5) years from
3 the date of the sale.

4 (2) The register shall include the following:

5 (A) The salvage vehicle information, including the:

6 (i) Make;

7 (ii) Model;

8 (iii) Year;

9 (iv) Body style;

10 (v) Vehicle identification number;

11 (vi) Copy of the front and back of the title filled
12 out to the buyer; and

13 (vii) Copy of any necessary reassignment forms
14 filled out to the buyer;

15 (B) The seller's name and address; and

16 (C) The buyer's:

17 (i) Name and address;

18 (ii) Motor vehicle dealer's license number; and

19 (iii) Reporting identification for the National
20 Motor Vehicle Title Information System.

21 (3) The register shall be made available for inspection by law
22 enforcement officers of the state, county, or municipality during regular
23 business hours on business days at the salvage auction's business location.

24
25 23-112-619. Out-of-state motor vehicle dealers authorized to buy motor
26 vehicles at Arkansas salvage auctions – Requirements.

27 Section 23-112-618 does not prohibit an out-of-state motor vehicle
28 dealer, wrecker, or dismantler from buying a salvage vehicle at a salvage
29 auction in the State of Arkansas if:

30 (1) The Arkansas Motor Vehicle Commission has entered into a
31 reciprocity agreement with a motor vehicle commission or its equivalent in
32 another state under § 23-112-312 where the out-of-state dealer, wrecker, or
33 dismantler is licensed; and

34 (2) The out-state motor vehicle dealer, wrecker, or dismantler
35 complies with § 23-112-618(b).

36

1 SECTION 3. Arkansas Code § 27-14-713(c)(1)(B), concerning information
2 on the face of a certificate of title, is amended to add an additional
3 subdivision to read as follows:

4 (v) If a certificate of title is issued for a
5 salvage vehicle, the following words printed on the front of the certificate
6 of title so as to be clear and conspicuous to the purchaser:

7 "SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A
8 SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT
9 REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A
10 VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS
11 A SALVAGE VEHICLE.

12
13 SECTION 4. Arkansas Code § 27-14-725(b), concerning vehicle
14 identification verification, is amended to add an additional subdivision to
15 read as follows:

16 (3) Presents a title or other ownership document from the State
17 of Arkansas for a vehicle purchased from a salvage auction that bears any of
18 the following designations:

19 (A) Salvage;

20 (B) Prior salvage;

21 (C) Damaged;

22 (D) Prior damaged;

23 (E) Junked;

24 (F) Nonrepairable; or

25 (G) Any other designation that is substantially similar to
26 the designations stated in this subdivision (b)(3).

27
28 SECTION 5. Arkansas Code § 27-14-2301(6) and (7), concerning the
29 definitions used in disclosure of damage and repair on a certificate of
30 title, are amended to read as follows:

31 (6) "Salvage vehicle" means a motor vehicle, regardless of the
32 age of the motor vehicle, that is:

33 (A) Water-damaged; or

34 (B) Sustains any other damage in an amount equal to or
35 exceeding seventy percent (70%) of its average retail value as determined
36 under criteria established by rule of the Office of Motor Vehicle; and

1 (7) ~~“Water-damaged” means damage to a motor vehicle caused by~~
2 ~~submerging or partially submerging the vehicle in water to the extent that~~
3 ~~the vehicle was submerged or partially submerged at any water level above the~~
4 ~~dashboard of the vehicle, regardless of the actual dollar amount of the~~
5 ~~damage a motor vehicle damaged by water that has:~~

6 (A) Saturated or contaminated an electronic or electrical
7 system necessary for the safe and reliable operation of the motor vehicle; or

8 (B) Risen to the point that it covers the sill and enters
9 the passenger compartment.

10
11 SECTION 6. Arkansas Code § 27-14-2302(b), concerning a salvage vehicle
12 certificate of title, is amended to read as follows:

13 (b) Upon receipt of such a title, ~~there shall be issued~~ a new
14 certificate of title shall be issued with:

15 (1) ~~the~~ The word “salvage” printed in the remarks section on the
16 face of the certificate of title; and

17 (2) The following words printed on the front of the certificate
18 of title so as to be clear and conspicuous to the purchaser:

19 "SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A
20 SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT
21 REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A
22 VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS
23 A SALVAGE VEHICLE.

24
25 /s/Rice
26
27

28 Referred by the Arkansas House of Representatives

29 Prepared by: ANS/VJF
30
31
32
33
34
35
36